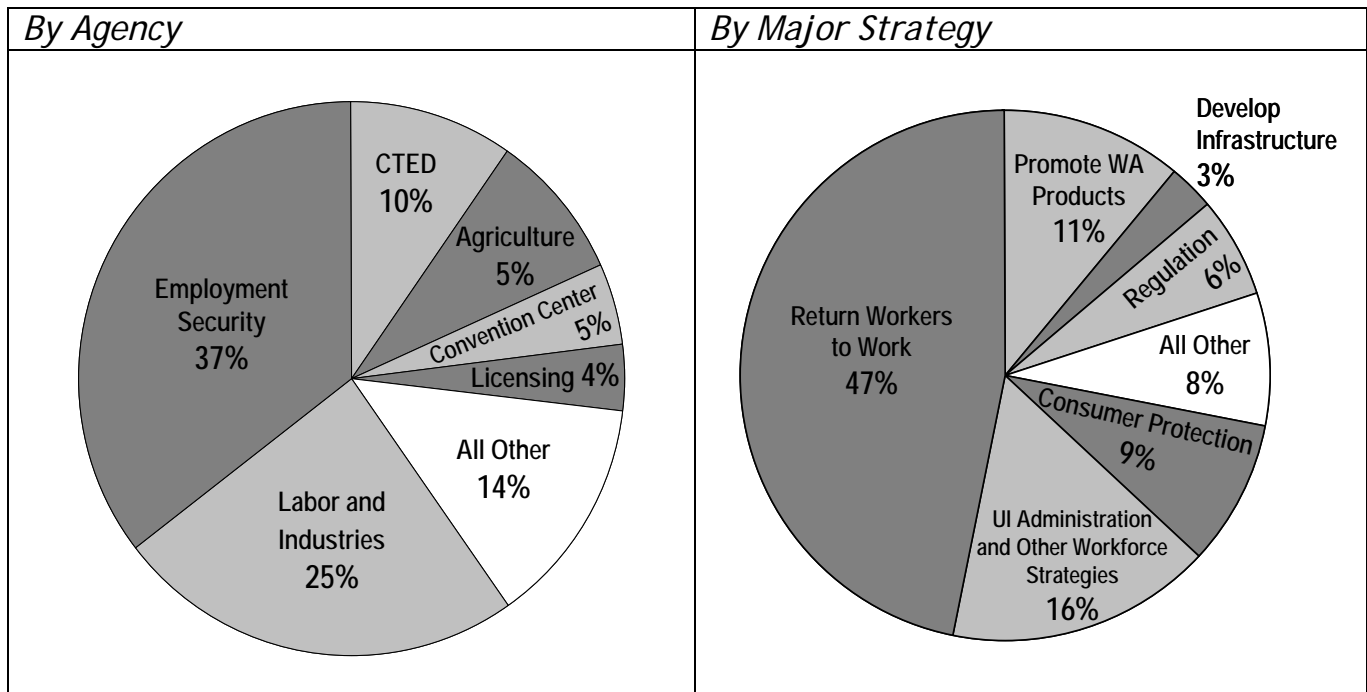


GMAP Fiscal Report

Economic Vitality

Biennial Operating Budget = \$1.455 billion All Funds
\$91.5 million GFS

(Fund Sources: federal, medical aid/accident, dedicated funds, 6% GFS)



Current Fiscal Status (Major Agencies)

July 2005 - September 2006 Expenditures

Dollars in Thousands

	Estimates-to-date	Actuals-to-date	Current Variance under/(over)	Prior Report
Employment Security Department	358,379	286,752	→20.0%	→10.1%
Community, Trade, and Economic Development	317,973	280,547	→11.8%	→14.0%
Department of Revenue	122,061	116,785	4.3%	2.8%
Community and Technical Colleges	698,046	701,775	(.5)%	NA
Higher Education Coordinating Board	261,279	254,872	2.5%	NA
Workforce Training Board	28,046	27,166	3.1%	NA

Please note: Pie charts above are based on agency budget allocation to statewide strategies, where agencies may be split between more than one strategy area (e.g. Economic Vitality, Mobility, Government Efficiency, etc.). However current fiscal status is based on the full agency total, since we do not account by activity.

GMAP Fiscal Report

Economic Vitality

Current Fiscal Status (Selected Program Detail)

July 2005 - September 2006 Expenditures

Dollars in Thousands

	Estimates- to-date	Actuals- to-date	% Variance under/(over)	Prior Report
Employment Security Department				
FTE Staff	2,200.3	1,897.6	13.8%	13.1%
Clearing (federal funds)	0	\$135	NA	NA
Employment Services	\$72,873	\$51,248	→29.7%	→13.9%
Unemployment Insurance	114,939	103,150	10.3%	1.3%
State Programs	7,517	8,046	(7.0)%	1.8%
Workforce Investment Act	163,050	124,173	→23.8%	→14.9%
Agency Total	\$358,379	\$286,752	20.0%	10.1%
Community, Trade, and Economic Development				
FTE Staff	352.9	331.3	6.1%	7.8%
Administrative Services	\$9,076	\$8,558	5.7%	7.0%
WorkFirst	0	706	NA	NA
International Trade	3,340	3,317	.2%	4.3%
Community Services	115,683	102,996	→11.0%	→13.8%
Housing Services	66,535	51,070	→23.2%	→26.3%
State Building Code Council	633	433	→31.6%	→30.8%
Energy Policy	3,644	1,978	→45.7%	→43.8%
Energy Facilities Site Evaluation Council	5,265	4,179	→20.6%	→10.5%
Local Government Assistance	90,234	87,404	3.1%	6.7%
Economic Development	23,564	19,907	→15.5%	5.7%
Agency Total	\$317,973	\$280,547	→11.8%	14.0%
Department of Revenue				
FTE Staff	1,075.3	1,061.5	1.3%	1.2%
Tax Administration Services	\$56,021	\$51,078	8.8%	7.2%
Tax Analysis and Interpretation	53,455	53,645	(.4)%	(2.2)%
Management Services	12,586	12,062	4.2%	4.1%
Agency Total	\$122,061	\$116,785	4.3%	2.8%
Community/Technical Colleges				
FTE Staff	7,717.4	8,021.9	(3.9)%	NA
Instruction	\$354,493	\$358,762	(1.2)%	NA
Primary Support	22,053	29,871	→(35.5)%	NA
Library	20,348	20,521	.9%	NA
Student Services	89,358	87,212	2.4%	NA
Institutional Support	120,832	130,638	(8.1)%	NA
Plant Operations and Maintenance	73,587	61,596	→16.3%	NA
State Board Office	17,374	7,943	→54.3%	NA
Special Projects	0	5,233	NA	NA
Agency Total	\$698,046	\$701,775	(.5)%	NA

GMAP Fiscal Report

Economic Vitality

	Estimates- to-date	Actuals- to-date	% Variance under/(over)	Prior Report
Higher Education Coordinating Board				
FTE Staff	86.1	86.4	(.4)%	NA
Coordination Policy Analysis	\$10,541	\$10,470	.7%	NA
Advanced College Tuition Payment	3,927	3,506	→10.7%	NA
Student Financial Aid	246,399	240,480	2.4%	NA
West Interstate Commission for Higher Education	411	411	0%	NA
College Work Study	0	5	NA	NA
Agency Total	\$261,279	\$254,872	2.5%	NA
Workforce Training and Education Board				
FTE Staff	22.8	27.6	(21.1)%	NA
Management and Delivery Program	\$3,318	\$2,913	→12.2%	NA
SBCTE Management and Delivery Program	14,157	13,904	1.8%	NA
SPI Management and Delivery Program	9,910	9,679	2.3%	NA
Private Vocational School Licensing	181	206	(14.1)%	NA
Tuition Recovery Fund	256	39	84.8%	NA
Veterans Course Approval	224	184	17.8%	NA
Workforce Investment Act	0	241	NA	NA
Agency Total	\$28,046	\$27,166	3.1%	NA

Key Fiscal Issues

Employment Security Department

Agency Request 2007 Supplemental Budget

The agency has not requested a supplemental budget.

Expenditure Trends

Agency-wide actuals-to-date are lower than expected primarily because of Employment Services and Workforce Investment Act under-expenditures.

Employment Services Program under-expenditure of 29.7 percent:

The under-expenditures are associated with the Trade Act (TAA) program. The TAA funds can be expended only on workers who have been certified as trade-affected by the U.S. Department of Labor. The factors used by the Department of Labor in determining TAA allocations include previous year allocations, accrued expenditures, and participant levels. Participant levels are dependent on the number of workers certified under the program. This year's level of participation will range from 800 to 1,000 participants. Currently we are under-spending TAA funds because this number of participants is significantly lower than that in prior years.

Unspent TAA funds are carried forward and can be spent up to three years from the time the allocation was awarded.

Workforce Investment Act Program under-expenditure of 23.8 percent:

As in previous quarters, part of the under expenditure is associated with Dislocated Worker funds set aside at the state level for help with local layoff or closure events. The state has begun releasing a portion of these funds to mitigate reduction in local allocations to dislocated workers. As the economy recovers, layoffs have diminished, but continue to exceed local fund availability. As new layoffs are announced, local communities determine what funds will be needed and look for resources to provide these laid-off workers assistance to return to work.

GMAP Fiscal Report

Economic Vitality

Due to the general economic recovery, a few Workforce Development Areas have transferred Dislocated Worker funding to their Adult Program to assist more low-income and underemployed workers. It is expected that this shift will continue and result in an increase in program expenditures.

Department of Labor expenditure requirements (70% of all available funds) are being met. Any unspent funds are carried forward and can be spent in future program years, up to three years from the funding award.

Agency Action Plan

The agency continues to actively develop cost reduction and cost avoidance strategies to reduce and control agency expenses in the areas of facilities, equipment, and supplies.

Department of Community, Trade, and Economic Development

Agency Request 2007 Supplemental Budget

- The agency has requested \$190,000 in General Fund-State, and a decrease of \$197,000 in Other Funds in its 2007 Supplemental Budget request for small budgetary adjustments.

Expenditure Trends

CTED's operating budget is primarily implemented through contracts with service providers or grants to local entities. For the first fiscal year, contracts and grants comprised 89 percent of the operating budget. The remaining 11 represents staff-related costs. The timing of contractor billings and pass-through disbursements can be difficult to predict. The majority of CTED's under-expenditures occur when funds are committed through contracts but the actual disbursement of funds takes place in a different month or quarter than originally estimated. The operating budget variance has decreased from 16.4 percent through March to 14 percent through June to 11.8 percent through September. We expect this downward trend to continue in coming quarters.

Community Services has an under-expenditure of 11 percent: Federal money associated with the Low Income Home Energy Assistance grant program is under-spent by approximately \$8 million through September 2006, however it is anticipated that nearly all the available federal dollars will be expended in the October through December quarter. Federally-supported grants to 31 community action agencies for low-income, anti-poverty services are also being spent at a slower rate.

Housing Services has an under-expenditure of more than 23 percent: Grant disbursements to local communities for housing programs are moving more slowly than originally planned. Of the \$15.5 million in under-expenditures, \$3.4 million is attributable to preservation projects to weatherize homes. These projects are supported primarily by federal dollars and private utility funds. Project schedules have been delayed because local contractors implementing this program have an abundance of work. Slower than anticipated spending has also occurred in Tenant Assistance grants, even though funds are committed. New programs providing federally supported Homeless Housing Assistance were slow to start up resulting in under-expenditures of about \$5.1 million. Housing Trust Fund resources totaling \$6.7 million are being expended slowly because of the slow start up of new approaches to distributing operation and maintenance resources and delays in information technology projects.

State Building Code Council has an under-expenditure of 31.6 percent: The Council, funded by a dedicated account, will likely remain under-spent for the rest of the biennium because a staff vacancy is no longer expected to be fully filled. After a revenue and workload review, the decision was made to keep current staffing level at 4.5 FTEs rather than at 5 FTEs. The total council budget is \$982,000 and 5 FTEs for the biennium.

GMAP Fiscal Report

Economic Vitality

Energy Policy has an under-expenditure of nearly 46 percent: The Energy Policy Division funds energy-related projects performed by Washington State University using Federal funding. Federal resources funded fewer projects than originally anticipated. The Division is managing within the federal revenue available.

Energy Facilities Site Evaluation Council is under-spent by 20.6 percent: Planned expenditures for an environmental mitigation project involving land purchases have been delayed. In addition, some siting activity has been delayed by the applicants. Other expenditures are aligned with original projections.

Economic Development is under-spent by 15.5 percent: The Energy Freedom Program contracts (\$2 million) are expected to be signed this month and expenditures will begin in December. It is anticipated that the contracts will be fully disbursed by the end of February or early March 2007. The Washington Technology Center did not bill the agency until October for July, August, and September (\$610,000). The Tourism Ad production was slow to start, but will be catching up by the end of March 2007 (\$730,703). Several vacancies that were scheduled to be filled in July should be filled before the end of March 2007. Position descriptions are completed and recruitment is underway (\$108,017).

Agency Action Plan

The agency, in partnership with OFM and the Department of Ecology, is pursuing an enterprise-wide contract, grant and loan management system. Information in this system will help make better cash disbursement projections and track contract and grant dollars as contracts are signed and funds obligated. In the short-term, the agency is implementing monthly financial management review (FMR) sessions to review variances and come up with solutions for reducing them. Agency budget and accounting staff along with division personnel participate in these FMR sessions.

Department of Revenue

Agency Request 2007 Supplemental Budget

The agency has requested a very small adjustment to Other Funds.

Expenditure Trends

Overall the agency is under-spent by just over 4 percent.

Agency Action Plan

None needed at this time.

State Board for Community and Technical Colleges

Agency Request 2007 Supplemental Budget

The agency has not requested a supplemental budget.

Expenditure Trends

Overall the agency is over-spent by .5 percent. Allotments for the CTCs are developed at the system level, based on the historical expenditures. FY2006 and FY2007 allotments are patterned after FY2004, the most recent complete year available. As a result of this two year lag, the system's current expenditure pattern may not match the allotment scheme. Additionally, the CTCs have two primary funding sources: the state general fund and tuition from students. There is no requirement for the CTCs to spend proportionately from their funding sources; the only requirement is to not over-expend the "bottom line". The 34 colleges individually manage their budgets and typically charge to state funds initially, transferring expenditures to tuition accounts through journal vouchers by fiscal year end. Program totals at the system level may be over or under-expended when compared to allotments during the year, but the total of all programs will equal the total of all allotments at year end.

GMAP Fiscal Report

Economic Vitality

Primary Support is over-spent by 35.5 percent: Please see the overall comments above, which apply to all programs.

Plant Operations and Maintenance is under-spent by more than 16 percent: line". This program includes a large transfer (\$11.4 million per year) to a capital budget fund, required by the operating budget. Because the 34 colleges have different business practices, some colleges post the transfer at year end while others post it at the beginning and a few post either quarterly or monthly. At the end of the year, everything evens out.

The State Board Office is under-spent by more than 54 percent: The State Board Office is allotted in one program, but expenditures are charged to two programs (the State Board Office and Special Projects). Excluded in the 1st quarter FY07 expenditures but included in the allotments is a \$3 million transfer from the State General Fund (GFS) to the newly created Employment Training Finance Account. The transfer was made in October.

Agency Action Plan

No action is needed at this time.

Higher Education Coordinating Board

Agency Request 2007 Supplemental Budget

The agency has requested \$125,000 General Fund-State to cover a shortfall in the Washington Award for Vocational Excellence program.

Expenditure Trends

Overall agency spending is less than 3 percent under their planned spending.

The Advanced College Tuition Payment Program has an under-expenditure of nearly 11 percent: A planned investment of over \$100,000 for new scanning/imaging technology is progressing more slowly than originally planned. The technology is necessary to keep pace with significant growth in the number of participants in the program.

Agency Action Plan

None needed at this time.

Workforce Training and Education Coordinating Board

Agency Request 2007 Supplemental Budget

The agency has requested \$51,000 General Fund-State to hire a new agency executive director and to pay leave buyout costs for the Interim Executive Director.

Expenditure Trends

Overall agency spending is just over 3 percent under-spent.

The Management and Delivery Program has an under-expenditure of just over 12 percent: The under-expenditure in this program is primarily attributable to federal grants of \$112,000 that are obligated but not yet expended. Additionally, the WTB received a \$1 million grant from the U.S. Department of Labor to assist in the development of integrated performance measures for workforce programs. The grant ended in September of 2005 with \$239,000 of allotted but unexpended funds. Finally, while the WTB fully utilizes its available GF-State resources each year, there are federal resources from the U.S. Department of Education that have a life span of 27 months for obligation some funding is carried forward each year.

Agency Action Plan

None needed at this time.